

UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE DIVISION

In re

DIAMOND CREEK VILLA, LLC,

Debtor.

Case No. 22-51125 MEH  
Chapter 7  
Hon. M. Elaine Hammond

Date: December 18, 2024  
Time: 10:00 a.m.  
Place: 280 South First Street,  
San Jose, CA 95113  
Courtroom 11  
Or Via Zoom Videoconference

**CHAPTER 7 TRUSTEE'S REPORT ON STATUS OF CASE**

**TO THE DEBTOR, CREDITORS, THE UNITED STATES TRUSTEE, AND OTHER INTERESTED PARTIES:**

Janina M. Hoskins, Chapter 7 Trustee of the estate of the above Debtor, has scheduled a hearing on her first interim report and applications for compensation and expense reimbursement before the Honorable M. Elaine Hammond at the time and place identified above. The Trustee is filing and serving this brief report in connection with the hearing. Appearances by creditors are welcome but not required.

Creditors know from notices previously sent to them that the Trustee successfully closed escrow on the sale of the condominium buildings commonly known as 15680 Santorini Lane and 15665 Nice Lane in Morgan Hill, California (the "Condominium Buildings"). The Trustee has also sold the three townhouses commonly known as 15705, 15735, and 15745 Ibiza Lane in Morgan Hill, California. Two other townhouses on Ibiza Lane remain to be sold. They were recently vacated by tenants. One suffered substantial damage from the tenants which the Trustee is in the process of repairing. The undamaged townhouse will be placed on the market in early 2025. The damaged townhouse will be repaired and placed on the market likely in the first or second quarter of 2025.

The Trustee reached a settlement with Lin Dee Liu relating to her deed of trust against the Condominium Buildings. By compromise approved by the Court, Ms. Liu's secured debt was reduced by approximately half to \$2,550,000 and she was given an allowed general unsecured claim for a balance of \$2,500,000.

The receiver appointed by the Superior Court to take control of the Condominium Buildings in 2021 is in possession of approximately \$655,000 in funds that will be turned over to the bankruptcy estate at some point in the future. The receiver and the plaintiff in the action (Mechanics Bank) have filed a motion for an order discharging the receiver and dismissing the receivership case; the hearing is scheduled for December 17, 2024. The Trustee identified some issues regarding use of receivership funds by the receiver which she has raised in a filing in the

Superior Court. On November 5, 2024, the receiver notified the Trustee that he would be filing an *ex parte* application for (a) an order authorizing him to retain counsel to defend himself in connection with the concerns raised by the Trustee and to pay counsel from receivership funds and (b) continuing the December 17, hearing to a later date. The Trustee filed a request for hearing on the application. The Trustee does not know whether a hearing on the receiver's application will be held. The Trustee believes it is inappropriate for the receiver to pay his counsel from receivership funds unless a court determines that the use of receivership funds was authorized.

The Trustee anticipates addressing creditor claim issues in the near future. Some duplicate claims are on file and some claims have been satisfied through sales and should be withdrawn. The Trustee believes that a purpose will be served in examining claims when she has a more concrete idea of the funds available for payment of allowed general unsecured claims.

As set forth in the separately filed interim report, the Trustee is seeking authority to pay Chapter 11 and Chapter 7 administrative expenses and one priority tax claim. The hearing on the interim report and the applications for compensation and expense reimbursement is set on December 18, 2024. Separate notice has been provided of the amounts sought by the Trustee, her professionals, and the Debtor's professionals.

DATED: November 8, 2024

RINCON LAW, LLP

By: /s/Charles P. Maher

Charles P. Maher  
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Chapter 7 Trustee

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